

SACRAMENTO PRESS CLUB SPEECH –TRANSCRIPT  
Senate President pro Tempore Darrell Steinberg  
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Thank you Brian Joseph and board members of the Sacramento Press Club for continuing to invite me back year after year.

I'd like to think that you invite me back because of my razor-sharp wit, exceptional oratory skills - but maybe it's just because the Governor won't "man up" and come himself, so you had the slot to fill. (laughter)

Let me also thank all of the journalists and all of the non-journalists, all the attendees for taking time out of your busy schedules to support the Press Club and especially to support its worthy cause to award scholarships to young journalists. Like politics, journalism is a worthy and important profession.

I'm always happy to come here because it's an opportunity to talk in depth about the policies governing our state and the enormous decisions that we are faced with as a state.

Now I have these weekly press availabilities in my office and so the capitol press is likely all too familiar with my thoughts on the budget, redevelopment, on the drop out crisis, on mountain lions, and on other subjects of today. And of course after my brief speech I'm happy to answer all of your questions.

I'm now well into my 4<sup>th</sup> year as Senate Pro Tem, which qualifies me of course as a grizzled veteran of the institution. And one thing is wildly apparent - California's governing structure is set up in a way that hinders the Legislature from doing what the people expect us to do- get things done, move the state forward, and uphold the priorities of the people who live here.

Of course none of this was a surprise to me. I knew what I was getting into- ever since Proposition 13, really when you think about it, California has been stuck on repeat. And it isn't necessarily a catchy tune.

Today, I want to take my opportunity to speak with you to talk about changing California's system of direct democracy, the initiative process. I believe in the initiative, but I also believe strongly that it should be an outlet – not a shadow government.

The people themselves are all over the place when it comes to initiatives:

Some say, "The initiative process is broken." Others say, "The people like the process."

Some say, "It is only used when the legislature fails to act." Others say, "The Legislature is so unfairly hamstrung by initiative budget formulas and other voter-imposed constraints that it's next to impossible to govern coherently."

The fact is, all of these statements contain some grain of truth. But they all overstate their case. The process may be broken, but the initiative is a useful outlet when representative government fails over a long period to address vital issues or is conflicted – my own Proposition 63 in 2004 and independent redistricting are prime examples.

The notion of popular democracy is imbedded in our political and even in our popular culture. Think about how many people watch and participate in “American Idol” every week and vote for the next great singing superstar.

And yet while people may like the process, it’s also true that they are frustrated by having to vote on complicated issues which they expect the people they hire to solve.

Yes, the Legislature has a lot more work to do and a lot more to prove to regain popular support.

But the Legislature is in fact tied in knots by initiative-driven funding formulas and a two-thirds vote requirement to affect anything dealing with revenue – half the budget solution.

In my view, Proposition 25 is a profound reform and will by itself over time, improve the public’s confidence in state government because budgets will not be consistently late. Since revenue is half of the budget equation however, we still govern in extraordinary circumstances in my view with one arm tied behind our backs.

So what do we do? As much as many of us would love to start over and rewrite the constitution, it’s just not going to happen.

We have also seen the limitations of the initiative process for big system fixes. Three times over the past four years, well-intentioned reformers have confronted the same ideological and practical challenges to success as state government itself.

The Constitutional Convention, an interesting idea, never got started because there was no consensus on whether it should just focus on the state’s fiscal system or whether it should include some of the social issues which divide Californians and the country.

Think Long, led by a guy (named) Nicolas Berggruen, who wants nothing more than just to help California and improve its governance and did a lot of good work, could not quite find the formula in a way that would attract public support.

And California Forward, another well-intended reform group, put forward a series of ideas but they are divided as we speak today, and are unclear and unsure what they are going to do going forward.

And Once again, we are seeing another well-intentioned person of considerable wealth, Molly Munger, stepping in front of the newly-elected Governor and Legislature to say, “My way of prioritizing new revenue is better than yours.”

The key questions before us cannot be separated – it is not enough to address how to improve California’s initiative system. It is not enough to search for ways to empower elected representatives to make decisions that people expect us to make.

The real question before us is, “How can we improve the initiative process to improve representative government at the same time?”

I contend that if we limit the initiative option without concurrently freeing elected officials to make clear choices between desired investments and necessary revenues, we are providing very little hope for the vast majority of people who both want a say and at the same time want their government to work.

The public itself seems to share my view. A PPIC report last year concluded that the public supports the initiative process, but only 18% say, “it is just fine the way it is.” Over half the people surveyed believe the initiative process is controlled by special interests.

And so today in this important forum, I want to propose three changes to the initiative process that I believe will both strengthen California’s tradition of direct democracy and empower the people elected by their communities to make clear choices.

Number one, allow the Legislature to place a statutory initiative on the ballot with a majority vote. Statutory initiatives include revenue measures.

How maddening it was way, way back in 2011 to have a new Governor and Legislature make \$14 billion worth of cuts and then not allow the people the right to vote to extend *existing* taxes.

If this basic change was in law today, together with the change I will mention in a moment, the Governor, Legislature, and other revenue proponents could be engaged in a real discussion about a single legislative revenue initiative, and have until late in the legislative session to place it on the November ballot.

Now for me, if I were the only one voting here, I would love a majority vote in the legislature for both cuts and taxes. Hold the majority accountable for their decisions. Throw the majority out if you don’t like them. But it’s one thing to be an idealist and it’s another thing to be rooted in what is practical and what represents a real advance. I say the next real step to build upon Prop 25 is to allow the majority to give the people the right to vote on any statute.

Number two, bring back the Indirect Initiative.

Once initiative proponents submit their signatures, it takes 30 to 60 days for counties and the Secretary of State to certify the initiative.

I propose that during those 30-60 days that the Legislature, with the concurrence of the Governor and the initiative proponent, has the ability to either amend the initiative or replace the initiative with a legislative statute. In that same PPIC poll from last September, an overwhelming majority of 81 percent said they favor giving the initiative sponsor and the Legislature time to discuss a

compromise solution. And ten other states provide for some form of an indirect initiative process.

This proposal, put forward by Bob Stern with the Center for Governmental studies numerous times and as recently in a law journal article last year, would accomplish some important objectives:

It would give the proponent a real quality check to ensure there are no drafting errors. I know these things are written perfectly.... (laughter) But it would give the proponent and the critics a chance to fix anything that was unintended.

There's a real example of this happened. In 1996 with Prop 212- an ethics and campaign reform initiative. After the proponents turned in their signatures it was discovered the language included a provision that inadvertently repealed a ban on gifts to legislators and other public officials. Proponents could not fix their mistake, it was too late, and the initiative failed.

The other reason this is an important change is that the indirect initiative would give representative government and the initiative proponents a concentrated time, as we say in the law, "on the steps of the courthouse" to try and solve the underlying problem together.

You remember back in 2004 when the League of Cities put a local government protection measure on the ballot and the Legislature and the Governor and the League then came to a compromise ... I didn't favor either of them by the way but that's another story ... and the voters were stuck, the taxpayers were stuck with the expense of the cost inherent in putting both those measures on the ballot. It was too late to pull back the signature initiative. Now the proponents of the compromise said, "Don't vote yes on the one we submitted." But why go through all that? Give the proponent, give the representative government, the chance at the courthouse steps to work it out.

Combining this change with allowing the Legislature to place a statutory measure on the ballot with a majority vote would undoubtedly reduce the number of confusing ballot measures while maintaining the right of any proponent to go forward.

Now for my third proposal. Allow the Legislature with the signature of the Governor to amend or repeal any statutory initiative after 10 years. Twenty-three states allow this interaction between popular democracy and representative government, with either a waiting period, a supermajority vote requirement, or with no restrictions at all.

It sounds obvious to say it, but needs and priorities change from one decade to the next. California needs flexibility, and right now ours is the only initiative state where the Legislature cannot amend or repeal a statutory initiative unless the initiative itself permits it.

Again, if you combine these three changes with the critical and responsible requirement – I suppose this is the fourth idea - that any initiative identify a new funding source for any new financial obligation, here will be the result; the process and more importantly, the product, will be better for the people.

And so you ask, what are you going to do about it? Beginning next year, I will lead an effort to place these vital changes on the November 2014 ballot. I will engage our state leaders, major stakeholders and Californians to put initiatives in a frame and context that I believe represent the original intent of Hiram Johnson. The initiative should be an outlet, NOT a shadow government.

Now I know better than anybody, at least as well as anybody, that we live in the present and have plenty to tackle between now and November this year.

This is the year we can in fact end the deficit in California. When I started in this glorious job, the budget deficit was \$42 billion. It's now less than ten (billion), maybe it will get to ten depending on the May Revision. Combined with a few more difficult decisions and the passage of the revenue measure in November, this can be the last year of deficit in California.

But that's not all we have to do this year in California. We can reduce the cost of higher education for middle class students and their families.

We will do pension reform. We will provide relief to thousands of homeowners who are threatened with losing their homes through the foreclosure process. We will move forward on high speed rail. We will create new local government job creation tools And we will broaden California's school accountability system to make sure that there is an incentive to change high school curriculum to ensure that it is both rigorous and taught in multiple applied ways consistent with the directions of our economy. And much more

We endeavor to make 2012 the turnaround year in California. And if it is – I'm going to do everything in my power to ensure that it is - then let 2013 and 2014 be the years we stopped talking about deficit ... gawd I'm tired of it and the people of California are tired of it.

Let those years be the years we start talking about and working on building a better tax system, and a more coherent relationship between how we govern and California's much liked, much maligned, much discussed initiative process.

Thanks very much for having me.